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LIHEAP 101

Libby Perl, Congressional Research Service

2017 National Energy and Utility Affordability Conference

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Congressional Role in LIHEAP

(1) Program Authorization

- Law that establishes and governs LIHEAP
- Can be changed, though nothing recent

(2) Funding LIHEAP

- Authorization of Appropriations — Guidance
- Appropriations Bills — Actual Funding

Funding LIHEAP: Two Main Pots

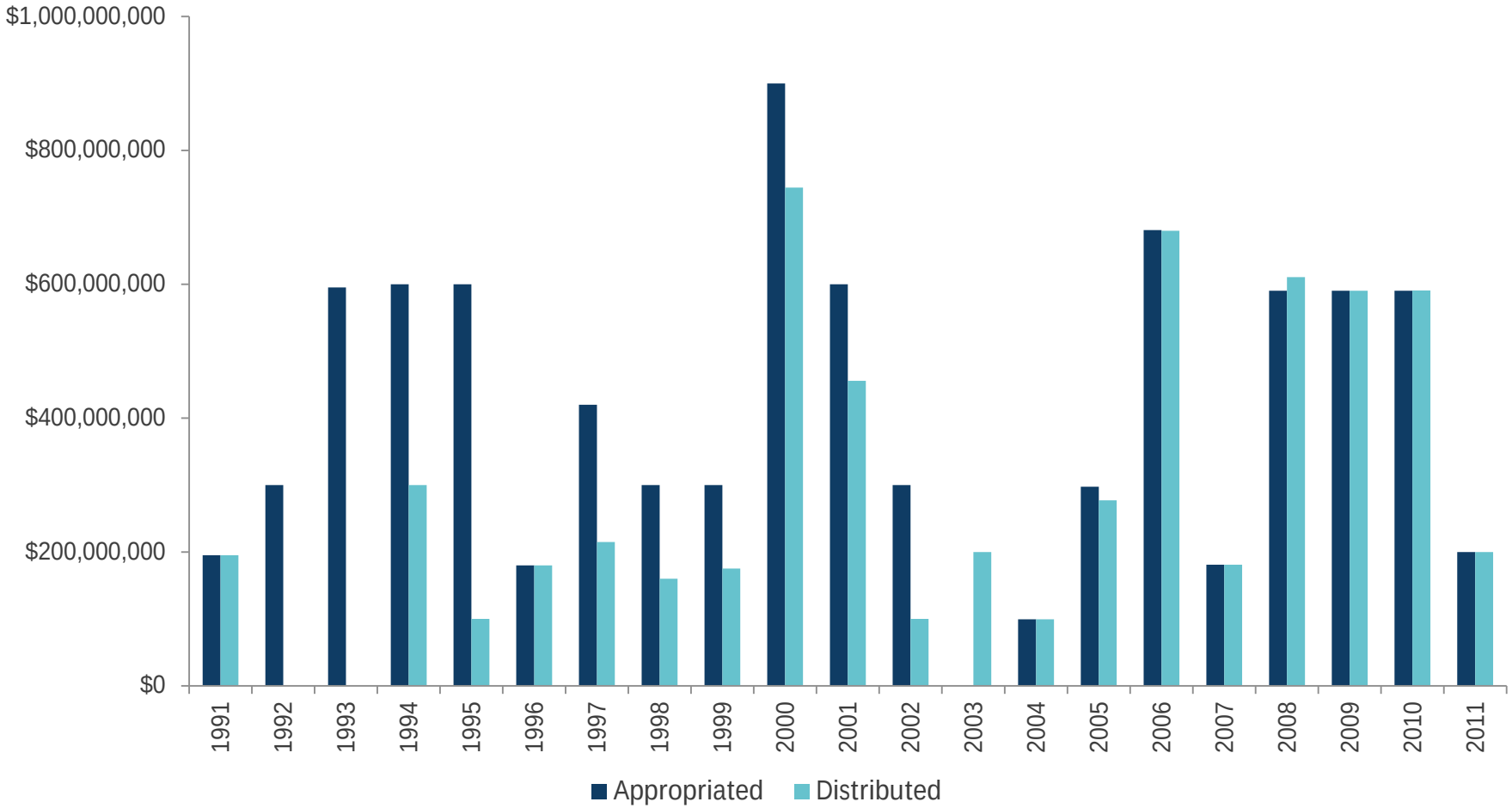
Regular Funds

- **How?** Distributed automatically via formula
- **Who?** All states, tribes, and territories
- **When?** Appropriated and distributed every year since FY1982

Emergency Contingency Funds

- **How?** Distributed in case of "natural disaster or other emergency"
- **Who?** One or more states, tribes, or territories
- **When?** Not always appropriated, and not always distributed (creates uncertainty)

Emergency Contingency Funds, FY1991-FY2011



Source: Prepared by the Congressional Research Service (CRS) based on data from the Department of Health and Human Services.
Emergency Contingency funds have not been appropriated since FY2011.

Authorization of LIHEAP Appropriations

- Determined by Authorizing Committees
  - **Senate**
    - HELP Committee
  - **House**
    - Education and the Workforce
    - Energy and Commerce
- Most recent authorization
  - $5.1 billion in FY2007
- Reauthorization bills in 114th Congress: **H.R. 2194 and H.R. 2226**

LIHEAP Appropriations

- **President's Budget Introduced:** February preceding the start of the fiscal year in October
- **House & Senate Pass Budget Resolution:** By April 15th
- **House and Senate Pass Appropriations:** By October 1st

(Rarely Stick to Schedule)

FY2017 Appropriations

Signed Into Law May 5, 2017

- This is late relative to other years
  - Difficult for LIHEAP Planning
- Regular Funds — $3.39 billion, same as FY2016
- Amount Distributed — May be reduced due to transfers

FY2018 Appropriations

- **President's Budget**
  - Would eliminate funding for LIHEAP
- **House and Senate**
  - Need not follow President's budget, and often don't for LIHEAP
  - Constrained by
    - Budget Control Act Caps
    - Budget Resolution
  - **Status:** No budget resolution or appropriations bills yet…

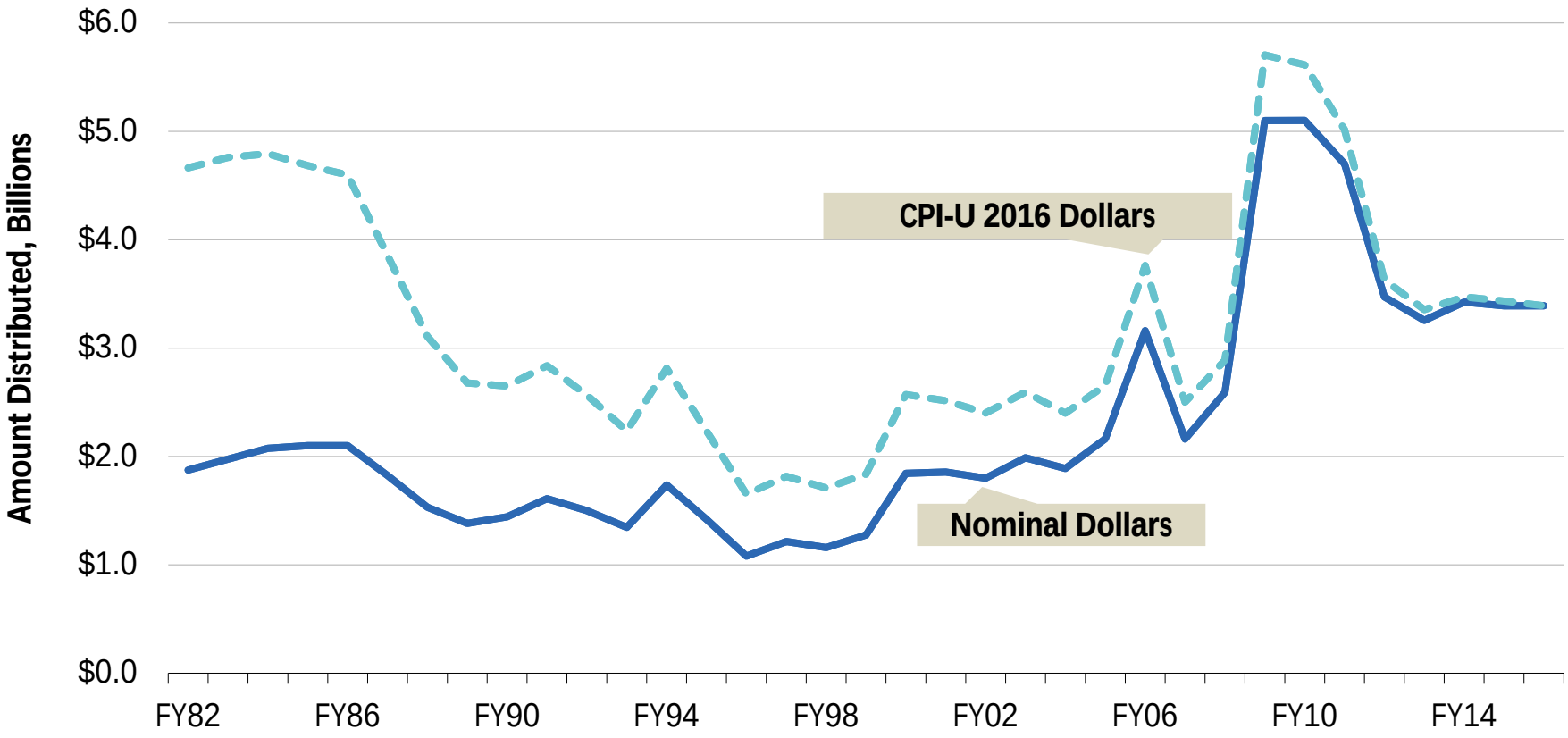
Recent LIHEAP Appropriations

(dollars in millions)

Fiscal Year	Regular Funds	Emergency Contingency Funds	Total
2007	1,980	181	2,161
2008	1,980	590	2,570
2009	4,510	590	5,100
2010	4,510	590	5,100
2011	4,501	200	4,701
2012	3,472	0	3,472
2013	3,253	0	3,253
2014	3,425	0	3,425
2015	3,390	0	3,390
2016	3,390	0	3,371*
2017	3,390	0	3,009*

Source: U.S. Department of Health and Human Services.
* Amount distributed.

LIHEAP Funding Since FY1982



Source: Nominal dollars from the U.S. Department of Health and Human Services. CPI-U inflation adjusted dollars are CRS calculations using Department of Labor data.

Appropriations and the LIHEAP Formula

Three Ways Congress Has Distributed Funds

(1) "Old" Formula

- Developed in 1981, used most years from FY1982 to FY2007

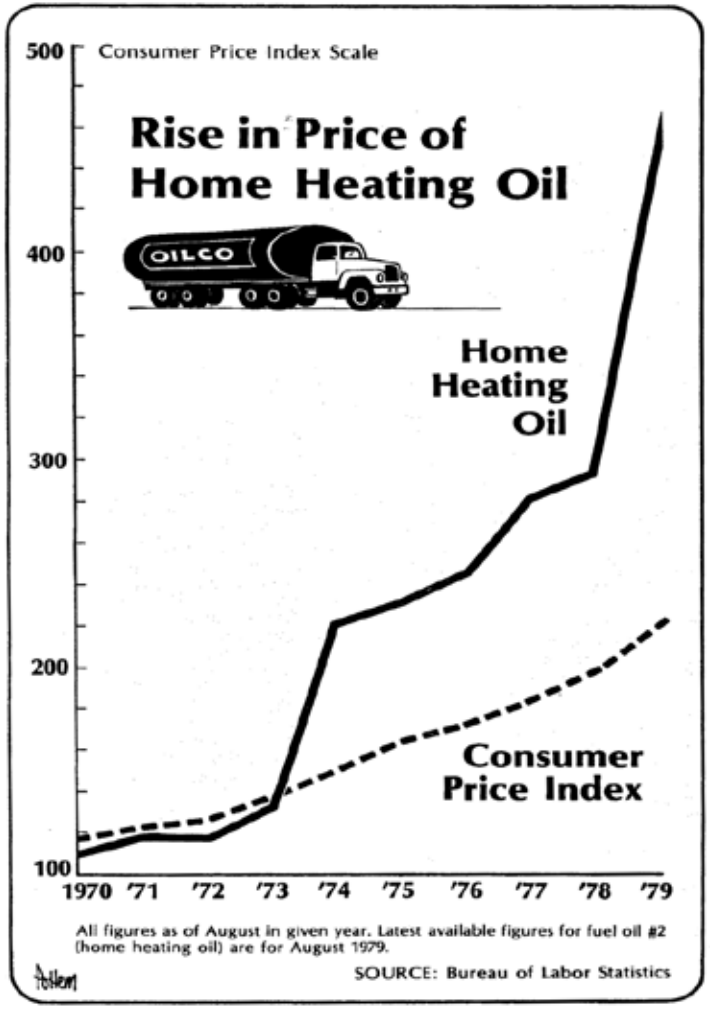
(2) "New" Formula

- Developed in 1984, used in FY1985, FY1986, FY2006, and FY2008

(3) Hybrid of "Old" and "New" Formulas

- Inserted into appropriations language, used from FY2009-FY2017

"Old" Formula



- **Reason Enacted:** 1970s high oil prices meant focus on heating need.
- **What It Does:** Fixed % of funds for states using static data.
- **Relevant Factors:**
  - Heating degree days
  - Residential energy expenditures
  - Number of low-income households

How the "Old" Formula Worked

P.L. 96-223 Assign each state the option under which they receive the greatest proportion of funds. If Options 2 and 3 both result in a greater proportion than Option 1, assign the state the lesser of Option 2 or 3.	P.L. 96-369 Each state receives the greater of 75% of the amount under P.L. 96-223 or Option 1 or Option 2 under P.L. 96-369.
Option 1 ½ Residential energy expenditures ½ (Heating degree days)^2 * Households with income ≤ BLS lower living standard	**Option 1** ½ Increase in home heating expenditures from 1978-1980 ½ (Heating degree days)^2 * Population with income ≤ 125% of poverty
Option 2 ¼ Residential energy expenditures ¾ (Heating degree days)^2 * Households with income ≤ BLS lower living standard	**Option 2** ¼ Total residential energy expenditures 1980 ¾ (Heating degree days)^2 * Households with income ≤ BLS lower living standard
Option 3 ½ Residential energy expenditures ½ Heating degree days * Households with income ≤ BLS lower living standard	
Option 4 Funds sufficient for a minimum benefit of $120 per AFDC and/or Food Stamp-Recipient household	

Source: CRS Report RL33275

Complicated!

Why "Old" Formula Still Matters

Applies to Appropriations Less Than $2 Billion:

- Used most recently in FY2007

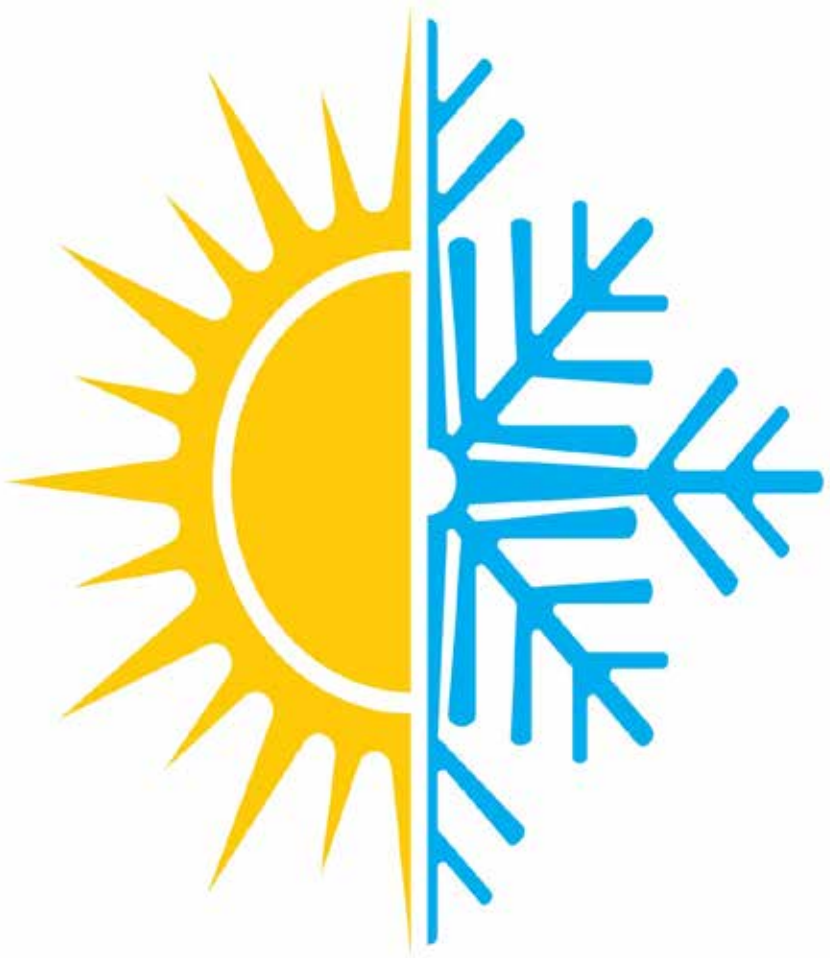
Hold-Harmless Provisions:

- Old formula amounts are the benchmark for holding states harmless

Congressional Actions:

- From FY2009 through FY2017, large share of LIHEAP funding was distributed using the old formula

“New” Formula



Reason Enacted: To apply comprehensive and updated data

What It Does:

- Uses low-income household expenditures on heating and cooling.
- Incorporates hold-harmless provisions
- Requires recent data

Relevant Factors: Population shifts, energy prices, increased usage

How the “New” Formula Works

- **Low-Income Household Costs to Heat and Cool**
  - Btus x Price
  - Natural gas, electricity, heating oil, coal, kerosene, propane, and wood
- **Add Low-Income Household Costs for Each State**
  - E.g., for Florida, $1.049 billion
- **Divide Costs for Each State by Total U.S. Costs**
  - $1.049 billion/$26.611 billion = 3.94%

LIHEAP "Old" and "New" Formula Rates by State, FY2017

State	"Old" Formula Rate %	"New" Formula Rate %	State	"Old" Formula Rate %	"New" Formula Rate %
Alabama	0.860	1.509	Missouri	2.320	2.140
Alaska	0.549	0.430	Montana	0.736	0.367
Arizona	0.416	1.314	Nebraska	0.922	0.549
Arkansas	0.656	0.844	Nevada	0.195	0.713
California	4.614	5.231	New Hampshire	0.795	0.862
Colorado	1.609	1.484	New Jersey	3.897	3.452
Connecticut	2.099	2.411	New Mexico	0.521	0.560
Delaware	0.279	0.385	New York	12.725	9.572
District of Columbia	0.326	0.207	North Carolina	1.896	2.779
Florida	1.361	3.944	North Dakota	0.800	0.317
Georgia	1.076	2.911	Ohio	5.139	3.932
Hawaii	0.108	0.168	Oklahoma	0.791	1.228
Idaho	0.628	0.351	Oregon	1.247	0.817
Illinois	5.809	4.466	Pennsylvania	6.835	5.989
Indiana	2.630	1.795	Rhode Island	0.691	0.770
Iowa	1.864	1.111	South Carolina	0.683	1.307
Kansas	0.856	1.045	South Dakota	0.649	0.264
Kentucky	1.369	1.462	Tennessee	1.386	1.864
Louisiana	0.879	1.397	Texas	2.264	6.945
Maine	1.360	1.062	Utah	0.748	0.509
Maryland	1.607	2.408	Vermont	0.596	0.526
Massachusetts	4.198	4.407	Virginia	1.957	2.663
Michigan	5.515	4.148	Washington	2.051	1.331
Minnesota	3.973	2.044	West Virginia	0.906	0.680
Mississippi	0.737	0.932	Wisconsin	3.576	2.219
			Wyoming	0.299	0.180

Implications of “New” Formula

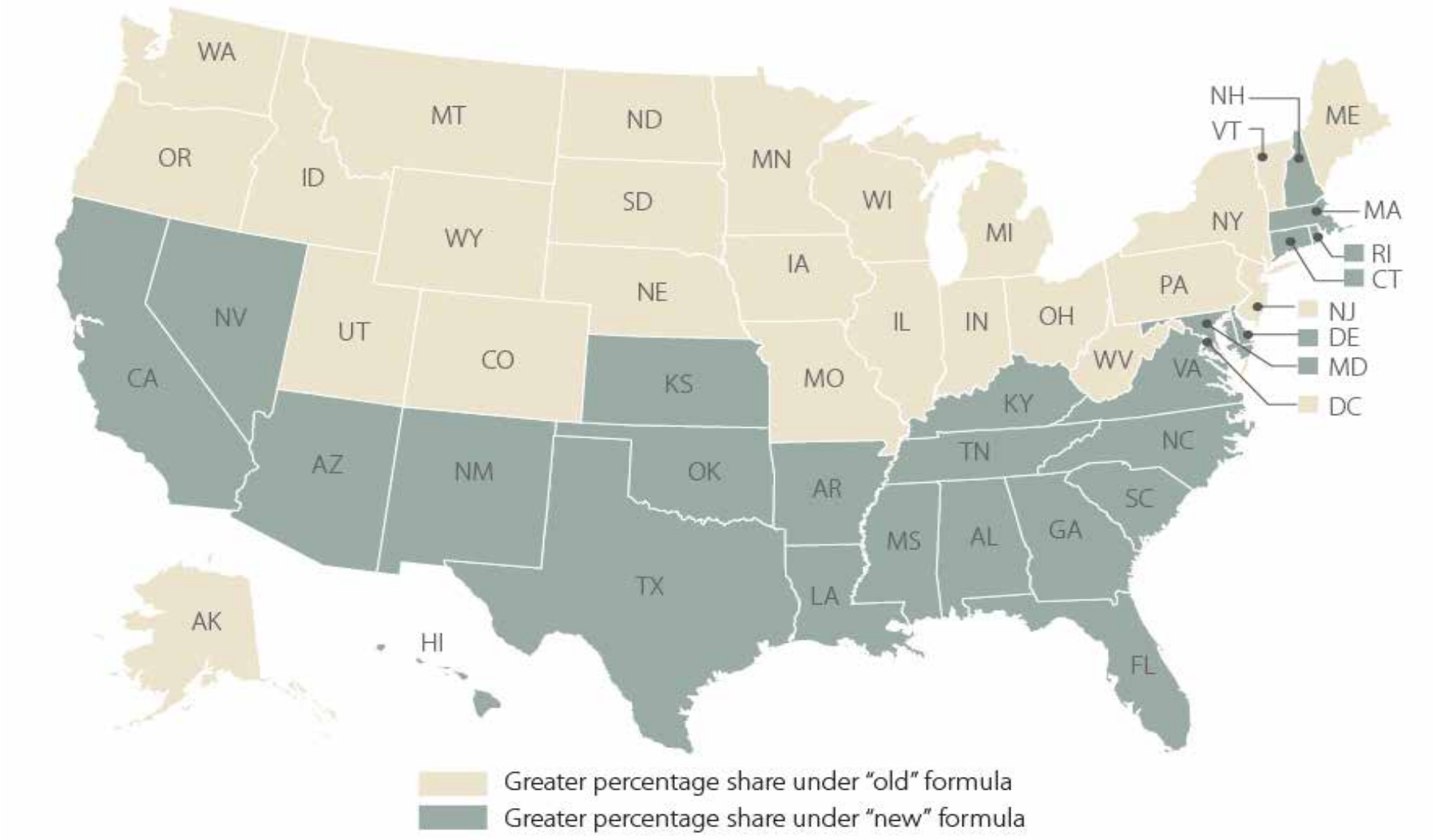
“Winners” — Warmer weather states, largely southern

- E.g., Nevada, Arizona, Texas

“Losers” — Most northern states (but not all)

- E.g., Wisconsin, Iowa, Oregon, Colorado
- Some New England states do better under the “new” formula

Implications of "New" Formula, Cont'd



FY2017 Formula Rates

Implications of "New" Formula Cont'd

First Hold Harmless

- States with biggest gains are reduced
- States with losses are ensured their share at $2 billion appropriation under the "old" formula

Second Hold Harmless

- Certain small population states receive a bump up in their formula percentage rate (e.g., District of Columbia, Montana, Vermont)
- States with biggest gains are again reduced

Hybrid “Old” & “New” Formulas

- **FY2009:** First time Congress used this method.
  - All but $840 million “shall be allocated as though the total appropriation for such payments for fiscal year 2009 was less than $1,975,000,000.”

- **Amounts:**
  - “New” = 1/3 of amount above $2 billion
  - “Old” = everything else

- **E.g., 2017**:
  - “New” = $491 million
  - “Old” = $2.9 billion

QUESTIONS?

CONTACT INFORMATION

Libby Perl
Congressional Research Service
202-707-7806
eperl@crs.loc.gov